

DRAFT Action/Summary Minutes
Special City Council Budget Work Session
Wednesday, May 12, 2010
4:30 p.m.
City Council Chambers, City Hall Plaza
102 Roadrunner Drive, Sedona, AZ

1. **Call to Order/Pledge of Allegiance:** Mayor Adams called the meeting to order at 4:30 p.m.
2. **Roll Call:** Mayor Rob Adams, Councilor Pud Colquitt, Councilor Mark DiNunzio, Councilor Jerry Frey, Councilor Nancy Scagnelli and Councilor Dan Surber. Vice Mayor Hamilton was excused.
3. **Work Session on City of Sedona budget for FY 2010-2011. The Council may take action to give direction to the city manager regarding amendments or changes to the proposed city budget.**

Tim Ernster stated we put together a list of issues that came up last week. We want to confirm those changes with Council. We also listed concerns that came up that went unanswered. The first part is what we think we heard and we want to confirm it.

Alison Zelms stated the changes above the blue line have been changed. The third page is the final/unfinal version of the agency funding from May 6 outside agency meeting. Line item 8-05 we corrected the description in the Public Information section of the City Manager's budget. We eliminated the overtime that was in the budget in error. We eliminated the National League of Cities dues. We moved the auto expense from the Clerk's Office to General Service's budget. We moved the \$37,000 back into the police department and adjusted for that. We made an increase for the Posse Ground intersection that you denied last night so that may change again. There's an increase in the PANT fund. Staff recommends we include an extra \$554,899. That's because we're unsure if we'll be able to relieve ourselves of administering that grant. We wouldn't want to not allocate within our cap to spend those funds for that operation. Those are the changes that we heard last week.

Councilor Surber asked if we're a member of the League of Cities.

Tim Ernster stated not the National League, but we're still a member of Arizona League.

Alison Zelms stated the Posse Ground intersection money was put in prior to Council's decision last night. We'll have to make another change based on the decision last night.

Mayor Adams asked how that will impact our overall budget.

Alison Zelms stated we'd pay less from the DIF streets funds, or we can use those funds for another project but it has to be eligible.

Councilor DiNunzio asked if staff recommends leaving the \$200,000 in place so the cap stays at that level.

Tim Ernster stated we don't need to leave it all there. He'd recommend we adjust that downward based on last night's decision.

Councilor Frey stated on the PANT fund, who's the other city that wants to pick it up?

Tim Ernster stated Prescott Valley offered to administer the program. We asked if any other cities would be willing to take on the responsibility. Prescott Valley offered, but there's a possibility they might not allow that to happen.

Barbara Ashley stated the grant was laid out a two-year cycle and we're in the middle of the cycle, so we might not be able to change it now. But they might give us funds for administering it.

Councilor Frey stated he'd like to take \$40,000 out of Council budget and put it to City Manager's budget for a slush fund for the City Manager to reward some employees. The employees who are out here get no comp time for the time they put in. The department heads put in 50+ hours a week. He'd like to see the city manager deal with the \$40,000 in some program.

Mayor Adams stated he'd have a hard time supporting that since he's going off budget and it won't affect Councilor Frey.

Councilor Frey stated right now Council hasn't made any major cuts. Our employees are taking a big hit and a couple hundred dollars to the Councilors isn't going to hurt anyone on Council.

Councilor Colquitt asked Tim Ernster if there are ways that he could, at his discretion, use money to enhance the mood of staff.

Tim Ernster stated right now the city doesn't have a mechanism for rewarding employees with a bonus; this would be something we'd have to develop and bring to Council for approval. There are cities that offer that. If Council sets aside funding for such a proposal, you might want to put it toward employee medical benefit costs. We don't have a mechanism for giving bonuses now.

Councilor Colquitt stated staff has been left out of this entire process. She'd like to find some way that the appreciation can be shown. Every department has taken a hit. Every non-profit has taken a hit. She can go down this path.

Mayor Adams stated wasn't the idea of the contingency set aside, might be used for that purposed if there's an uptick in the economy.

Tim Ernster stated the contingency would be used for an unanticipated event, like the flood last September. We didn't envision it for rewards for employees. It could be used for that purpose if Council directed it. We need to think in terms of next fiscal year in giving employees a cost of living adjustment.

Councilor Scagnelli stated Council ought to consider a reduction in our little salaries. We have asked everyone else to do that and we haven't done that. If we took 50% of it and did something like that it would show good faith on our part. It'd give you some money to reward some employees or help with health care. She thinks we should do something. She's said that before. It's not right that council hasn't cut anything from its own budget.

Mayor Adams stated he objects to it. He puts 40-60 hours a week into it. This should be made by the incoming Council, not this one.

Councilor DiNunzio stated he wonders about the motive for bringing it up. He hasn't heard any push back from staff. If the city were in dire straights, but given the amount of money and the reserves, he doesn't even think it's symbolic. He wouldn't burden incoming Council with this type of take-away. If this were really something in the best interest of the city, it ought to have been brought to the table the first day.

Tim Ernster stated as far as rewarding employees, the last issue on the list is modified city hall hours. The suggestion was going to a 4/10 schedule for the summer. We would start July 12 and end it the week of Labor Day. We've spoken with the contractors association and the Chamber; they don't think it'd cause issues. That's one way to reward employees. Most would appreciate that schedule. It'd be an experiment for the summer. If it didn't work out, we'd stop it. Maybe we can get a feel from the community on what they think of a 4/10 schedule. That's one thing to do to reward employees. He doesn't think any employees are expecting a salary increase.

Councilor Surber stated he wouldn't support the whole thing. He supports keeping it what it was before.

Councilor Colquitt asked if we're going to do anything at all. She can support 50%, of giving \$20,000 to the city manager.

Councilor Frey stated he supports it too.

Mayor Adams asked why is Council who's not impacted by this gesture, making this motion?

Councilor Colquitt stated Councilor Scagnelli brought this up a year ago, it's not that new.

Mayor Adams stated he understands if you were taking it out of your own salary, but you're affecting the new Council.

Councilor Frey stated he doesn't have a motivation. This would benefit the employees. It's very miniscule, \$450. We tried to do this before. This is not new. He's okay with \$20,000.

Councilor Scagnelli stated she wouldn't support taking all the salary away, but we have brought this up before. As a Councilor you get \$450 a month, you're still getting \$250 if you cut it in half. She pays people to work in the shop on days she had to go to meetings. But there's not a direct cost when you're retired to be on Council. It's a gesture of

support that Council gets something, but it's also time Council look at a cut. When she brought it up last week, she thought it could be a part-time salary. People have lost their jobs here. That's pretty severe. She likes the idea of using it as a benefit to staff in general.

Mayor Adams asked Mike Goimarac if the new Council could overturn it if this ends in a motion.

Mike Goimarac stated certainly. This budget will end with a cap. When you talk about rewards, if it's a reward for past performance then it would be in violation of the Gift Clause. A merit increase for future performance would work. The other concern is typically when Council raises its salary it's been done so the motion applies to a future Council in a future year. In the case of reducing your salary, you could make the argument that you have a money interest in this even though it's an adverse interest. Those are the off-the-hand concerns he has about this.

Councilor DiNunzio asked if staff has had a salary reduction.

Tim Ernster stated they haven't, the just haven't received a salary increase the current fiscal year or next year.

Councilor DiNunzio stated he could be supportive if next year staff was looking to reduce employee wages in order to bring expenses down, then Council would participate in reductions also. It's not justified and it can't be defended as a benefit to the city.

Motion: Councilor Colquitt moved to transfer \$20,000 from the Council fund into the fund of the city manager to use at his discretion. Seconded by Councilor Frey. Vote: Motion passes four (4) to two (2). (Mayor Adams and Councilor DiNunzio opposed).

Tim Ernster stated Council tentatively agreed to \$15,000 funding for Red Rock State Park. Part of the agreement is for the city to contract with the benefactors to operate the gift shop. We're asking for room in the cap incase all the money from the gift shop must flow through the city. We should have a better answer before we have final budget adoption. If it's not necessary to do this, we'd recommend the \$100,000 be taken out before final adoption. We should have an answer by the final adoption. State Parks will discuss the park at the May 19 board meeting and approve an IGA with Yavapai County about the operation of the park. We should have an answer before June 15.

Mayor Adams stated okay, even if it's not determined it could be set aside as a contingency.

Tim Ernster stated the item for \$14,000 in the City Clerk's Office dealt with the city code.

Randy Reed stated the first sheet is a copy of Article 3 from our current code. The second sheet is a sample of what the new code would look like. If you look at the first sheet it's not easy to incorporate new things in there. The second one is easy to add to. The second thing is how much information you can get on one page. In the long run we'd save money because we'd be able to have more information on each page. We have had issues with

our current codifier. There were several months spent trying to straighten up our current code. Even if we took the \$14,000 out, we'd have to put \$4,000 to the Clerk's budget and \$4,000 to community development for maintenance to our current code. We took that out because if we re-codified it, they'd produce maintenance.

Tim Ernster stated since he's been here we've had a lot of issues with the codifier. We haven't had it updated in a timely manner. This is an important issue. If we don't do this we'd have to put the \$8,000 back in.

Councilor Colquitt stated she's totally in favor of this.

Councilor Scagnelli stated she agrees. She supports it.

Mayor Adams stated okay, moving on.

Tim Ernster stated there was a \$3,000 request for money for temporary salaries. We eliminated a position in the office, and if someone is out we could have to hire a temp position. We're putting together a volunteer effort. If Council feels strongly about that, we'd try to find salary savings in another department to make up for it.

Councilor Frey stated we had a volunteer situation in the past in that office what happened in to that program?

Alison Zelms stated we had one volunteer that regularly volunteered there, she moved away.

Tim Ernster stated Andi Welsh is gathering information on volunteer programs in other cities. She'll be coming back with how to develop a volunteer program.

Councilor Surber asked if this goes away when we hire a deputy clerk.

Tim Ernster stated even with that position filled, it's still 2.5 people in that office.

Tim Ernster stated the \$100,000 of Development Impact Fees for a master plan. We'd leave it in the budget for now, but there was also a request from Parks & Recreation to set aside money for the pool. We were going to leave it in the budget at this point, knowing Council could discuss it down the road.

No Council objections.

Tim Ernster stated we talked about improving the recording in this room and then buying an overhead projector. The \$9,500 would be sufficient to do both in this room.

Mayor Adams stated okay.

Tim Ernster stated we got a proposal for video taping Council meetings. He thinks utilization of our Government Access Channel would be a good thing but we need more study. In the upcoming fiscal year we could equip this room so it's capable and do some research on what we need to do that. We have \$15,000 for the acquisition of cable

equipment. If Council wanted, maybe set aside another \$25,000 and if we do anything this year, we equip the room. In the following fiscal year we can look at the operating costs associated.

Mayor Adams stated it keeps getting pulled from the budget. It's a high priority for the new Council.

Councilor Colquitt stated this would all be the city's project?

Tim Ernster stated there's many ways to do it. Equipping the chambers would be a city project. Cities do it different ways. There are cities that work with schools and students do internships to run the equipment. He suggests we research what other cities are doing.

Councilor DiNunzio stated he's supportive of budgeting for it. He'd like to see the city develop a media plan, a communication plan that goes beyond just televising Council meetings. He'd also like to provide the community with a mechanism to respond. He doesn't want to stop with just televising the meetings.

Mayor Adams stated there are opportunities for revenue generation as well.

No objections.

Tim Ernster stated there were a number of alternatives presented to Council on the Roadrunner. The other part of that is capital money. We could talk about that now or later.

No questions.

Tim Ernster stated there was a request to have the funding for the signature events come back to Council for final approval before the money was distributed. Right now Arts & Culture Commission awards the money for signature events. Council brought up that before it's distributed they want that to come back to Council.

Mayor Adams stated additionally the intention was to design new criteria by which we evaluate that funding.

Tim Ernster stated the final issue is the idea of going to a 4/10 schedule from July to September. Between now and July we'd get a sense from the community on how they'd react to it. It's one way to reward our employees. They'd still be working 40 hours, 7 a.m. to 6 p.m. There'd be some minor savings, but that's really not the reason for doing it.

Mayor Adams stated he wants public input on this. Has this been brought up to all the departments?

Tim Ernster stated we've had quite a few discussions about this with department heads. The feedback has been overwhelmingly in support. There are some employees who have concerns with babysitters or one with a special diet.

Alison Zelms stated there might be other departments that wouldn't be able to go to a 4/10 like the city maintenance crew. They work 7 days a week, so they'd be looking at a revised schedule.

Councilor Frey stated he's dealt with another city that went to 4 days a week which isn't a problem except for Community Development. The inspections get a little lax because there's a three-day wait if you call Thursday.

Tim Ernster stated according to John O'Brien, the contractors association didn't have a problem with this.

Councilor Frey stated it's more of a suggestion than anything.

Mayor Adams stated we can change this if we see there's a problem.

Tim Ernster confirmed.

Tim Ernster stated that's all we heard in the last week in the budget meetings.

Alison Zelms stated a couple of the changes you were okay with will have implications on the cap, so we'll prepare a new cap for May 25.

4. **Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:**
 - a. **To consult with legal counsel for advice on matters listed on this agenda per A.R.S. §38-431.03(A)(3).**

Following any discussions in executive session of the above matter, the City reserves the right to discuss and/or act on any of the above listed legal matters in open session.

No executive session was held.

5. **Return to open session. Discussion/possible action on executive session items.**

No executive session was held.

6. **Adjournment:** Mayor Adams adjourned the meeting at 5:21 p.m. without objection.

Respectfully submitted,

Alison Carney, Recording Secretary

Date